

# **Exhibit J-12**



### BMW CPO PROCESS AND PROCEDURE

Dealership: Wide World of Cars BMW

Date: September 14, 2010  
Revised August 14, 2013

#### GENERAL:

- No pre-owned BMW can be marketed, advertised, test driven or viewed by the public in any way as a Certified Pre-Owned BMW until such time as the entire certification process is done in full and vehicle is accepted for certification by BMW NA.
- Any non-certified pre-owned BMW that is on the front line for sale may not under any circumstance be advertised or marketed as a Certified Pre-Owned BMW including window labels, license plate frames, banners, etc.
- The certification is not to be considered complete until every single check point on the BMW CPO program checklist is finished thoroughly and with quality; having all proper documentation and back up including but not limited to, thorough technician comments, printed specifications, key reader reports or any other report, documentation, or back-up support as required by the BMW CPO program.

#### STEP 1: Responsible Party: Pre-Owned Manager

Pre-Owned Manager reviews the acquisition (trade, purchase or lease turn in) of a pre-owned BMW vehicle. A decision is made to either purchase, pass, mulligan, etc. the unit. If the decision is made to keep the vehicle as a Certified Pre-Owned Vehicle, the vehicle is immediately to be placed in the Service Parking lot and then proceed to Step 2.

-Note: Any BMW purchase, trade in or lease turn in which we intend to certify must be immediately stored in the service lot. No vehicles intended to be certified or partially certified may be stored or displayed for sale as a CPO vehicle on the Pre-Owned lot or in any other customer facing area prior to 100% completion of all certification requirements/steps under any circumstances. Once the certification process begins the vehicle is not to be made available for sale (certified or non certified) until the complete certification process is complete.

#### STEP 2: Responsible Party: Pre-Owned Manager

- A. Pre-owned Manager to Run Pay off Sheet.

- B. Pre-Owned Manager to Run Car Fax to ensure reported vehicle condition qualifies it for certification.

NOTE: It is the responsibility of the Pre-Owned Manager to verify the vehicle meets all CPO Enrollment Standards based on a review of the vehicle, Car Fax, service documents and any other related documents or information.

Once the Car Fax has been reviewed a decision is made as to whether the car qualifies to be a BMW Certified Pre-Owned Vehicle or not. If the vehicle is to be kept and certified proceed to Step 3.

- C. Pre-Owned Vehicle is to be physically delivered to Internal Service Advisor or Service Manager by Pre-Owned Manager who is to sign off and date the Internal CPO Get Ready form.

NOTE: By signing off on the CPO Get Ready Form the Internal Service Advisor or Service Manager has accepted responsibility for the vehicle. Additionally, this individual has reviewed the CPO Get Ready form and has acknowledged their understanding of the physical reconditioning requirements of that particular vehicle over and above the CPO Inspection and mechanical reconditioning requirements as dictated by the BMW Certified Pre-Owned Checklist.

**STEP 3: Responsible Party: Internal Service Advisor**

- A. "Internal Service Advisor" to Run/Print:
  - (1) Car Fax to be placed in Deal Jacket
  - (1) Car Fax to be placed in Service Department Repair Order File.
- B. Vehicle is entered into the BMW Pre-Owned Inventory System, POIS by using DCSNET.
- C. Run and review Warranty Vehicle Inquiry on DCSnet. (Verify vehicle was accepted into this system by ensure vehicle is in "PENDING" or "ACTIVE" status).
- D. Internal Service Advisor to Run a Key Reader Report for both sets of keys to confirm mileage. Reports are to be placed in service file.
- E. Internal Service Advisor will make two separate files as follows for the Certified Pre Owned vehicle:
  - 1. Service Folder to include the following items/documents:
    - A. Two sets of keys.
    - B. Warranty Vehicle Inquiry from DCSnet.
    - C. Car Fax to be printed by Internal Service Advisor.
    - D. Key Reader Report for BOTH sets of keys to be run and printed by

- Internal Service Advisor.
  - E. Internal Trade/Get Ready Sheet (2 Part Internal NCR Form)
  - F. BMW Certified Pre-Owned Vehicle Inspection Checklist with the Enrollment & Vehicle History section completed by pre-owned manager.
  - G. BMW Eight Step Checklist to Certified Pre-Owned Vehicle Program Compliance.
2. Pre-Owed Deal Jacket/Sales Folder to include the following documents:
- A. Lease Return Pay Off Sheet from BMW Infobahn. (Ensure Pre-Owned Manager has identified Purchase Option A or B)
  - B. Signed Odometer Statement from the customer.
  - C. Car Fax to be run by Internal Service Advisor.
  - D. Key Reader Report for both Keys to be run and printed by Internal Service Advisor.
  - E. DCS Vehicle History Report to be run and printed by Internal Service Advisor.
  - F. Part 2 of the Internal WWC BMW Certified Pre-Owned Get Ready Form.
  - G. The cost of the CPO Certification KIT is to be clearly written in large letters with a Sharpie Pen on the Front of the Pre-Owed Deal Jacket/Sales Folder "CPO KIT COST: \$0000.00"

**STEP 4: Responsible Party: "Internal Service Advisor" or Service Manager:**

- A. Service Manager or Internal Service Advisor, ON THE SAME DAY THAT THE REPAIR ORDER IS OPENED, is to confirm that the Key Reader Data Print Outs for both Sets of Keys confirm the mileage on the vehicle. At this time it is this individual's responsibility to determine maintenance items that are due, recommended and overdue based on the model dependent condition based services (CBS) or service interval indicator (SIA) and to check for Open Recalls, Service Actions and Damage Disclosures etc. Note that an overdue reading should prompt you to determine whether or not the vehicle meets CPO guidelines for maintenance before proceeding with certification.
- NOTE: Both Key Reader Copies are to be attached to Repair Order and must have the same date as the repair order.
- B. Internal Service Advisor must print a current DCS dated the same date as the repair order and attach to the hard copy repair order. IT IS IMPERATIVE THAT YOU VERIFY THE VEHICLE IS IN CPO "PENDING STATUS". If the vehicle is not in CPO "PENDING STATUS" STOP immediately and take all necessary steps outlined above to ensure vehicle is in CPO "PENDING STATUS" before

proceeding. If vehicle is in CPO "PENDING STATUS" then review DCS report for:

- Vehicle Maintenance History
- Open Campaigns
- Service done/due i.e. Brake Flush, Cooling system Flush, etc.

- C. A Repair Order with a separate line item that denotes "BMW Certification Inspection" is then opened by the Internal Service Advisor or Service Manager. SERVICE MANAGER MUST SIGN THIS REPAIR ORDER, No Exceptions!

-Reminder: Verify both Key Reader Copies and DCS are to be attached to Repair Order and must have the same date as the repair order.

- D. Internal Service Advisor must attach the CPO checklist with Section 1 fully completed (BMW FORM) to the repair order. (See attached)

- E. Service Manager must sign the repair order before the repair process begins. At this time Service Manager again verifies that all reports and documents are attached. Vehicle is then dispatched to the CPO Technician.

STEP 5: Responsible Party: Certified Pre-Owned Technician

- A. Technician must inspect the vehicle using the CPO Vehicle Inspection checklist. At the conclusion of the inspection technician is to fill out the CPO vehicle inspection checklist sections 2 through 6 prior to performing any reconditioning or repairs.
- As part of inspection technician is to print all diagnostic print outs including the Midtronics print out and attach to the hard copy repair order.
  - Technician is required to document all measurements, readings etc. accurately.

**NOTE: IT IS THE RESPONSIBILITY OF THE SERVICE MANAGER OR Internal Service Advisor TO VERIFY THAT ALL DIAGNOSTIC PRINTOUTS ARE ATTACHED!**

**NOTE: INSPECTION PUNCH TIME MUST BE AT LEAST 70% OF 1.5 HOURS!**

- B. Required/Recommended Repairs are estimated for Used Car Manager's Approval.
- C. Repairs and Estimate are to be prepared and reviewed with Pre-Owned Manager.



- D. Upon approval from the Pre-Owned Manager vehicle is to be reconditioned by repairing each line item on the Repair Order according to BMW approved repair standards with OEM parts. Service Manager must sign repair order BEFORE repairs begin.
- E. During the mechanical repair process the Internal Service Advisor will orchestrate / sublet all outside vendor repairs and identify on separate lines on the repair order each sublet repair individually.

NOTE: All wheel repairs with the exception of "BENT WHEEL" repairs and all bumper repairs MUST be performed by the Wide World Body Shop.

NOTE: ALL WARRANTY "ADD ON LINES" MUST BE APPROVED AND INITIALED BY THE SERVICE MANAGER OR SHOP FOREMAN BEFORE THEY ARE COMPLETED.

- F. Upon Completion of repairs the CPO technician must run a Final Diagnostic review to ensure codes are cleared/corrected. This document must be printed and attached to the CPO checklist and or repair order.
- G. CPO Technician must perform 6 mile Road Test.
- H. CPO Technician must review all documents for accuracy and proper content.
- I. CPO Technician must note "out" vehicle mileage on R.O. and BMW CPO Checklist.

-Upon completion of all repairs the CPO Technician installs the front and or rear BMW Certified Pre-Owned License Plate Insert. If there is not a front license plate mount on the vehicle do not install the mount until such time as the vehicle is sold retail.

STEP 6: Responsible Party: Service Booker:

- A. Review CPO File for:
  - Initial DCS Inquiry
  - (1st) and (2<sup>nd</sup>) Key Reader Reports
  - Completed BMW CPO Checklist
  - Repair Order(s)
- B. If file is missing any of the above documents STOP immediately and do not proceed until all documents are compiled, complete, accurate and in the file.

**Review BMW CPO Checklist to:**

- Ensure all entries are complete and accurate
- Ensure all applicable signatures are present

**D. Review Repair Order to:**

- Ensure there are complete and accurate Technician Notes
- Ensure "OUT" Mileage is recorded to confirm road test is verified by mileage.

- E. Any incomplete or inaccurate documentation must be addressed and properly completed immediately.**
- F. Complete Repair Order with proper OP Codes and Campaigns**
- G. Forward entire and completed CPO file to Internal Service Advisor or Service Manager.**

**STEP 7: Responsible Party: Service Manager/Certified Pre-Owned Technician and Pre-Owned Manager.**

- A. Each of the above parties must sign and date the BMW Certified Pre-Owned Vehicle Inspection Checklist on the same date at the conclusion of all repairs. Completed/Signed CPO inspection checklist is to be filed with the repair order.**
- B. The Statement of Certification is to be completed by the Internal Service Advisor with Sign Offs by Service Manager and Pre-Owned Manager. Original is to be placed in the deal jacket, a copy is to be placed in the service file.**

**STEP 8: Responsible Party: Internal Service Advisor.**

- A. Once the above is complete, the internal Service Advisor is to make copies of the following documents which should all be placed in the Pre-Owned Deal Jacket/Sales Folder:**
- Copy of Completed CPO Inspection checklist with signatures.
  - Copy of the Signed Statement of certification.
  - Complete and signed "8 Step" CPO checklist.

**STEP 9: Responsible Party: Internal Service Advisor or Service Manager**

**-Key Reader Report must be run for both sets of keys at the conclusion of all repairs with the same date and out mileage as is shown on the closed repair order, copies of which are to be placed and retained in the service file.**

**STEP 10: Responsible Party: Internal Service Advisor or Service Manager**

- Vehicle is dispatched to Detail Department for interior and exterior cosmetic clean.
- Internal Service Advisor ensures that Detail Department installs:
  - BMW "Certified Pre-owned By BMW" Windshield Cling Label.
- Internal Service Advisor ensures that TEPHSEAL or "OTHER" vendor photographs automobile (Minimum of 17 photo's) and uploads these photo's to website and related internet web sites.
- Upon Completion vehicle is returned to Pre-Owned Manager for final inspection.

**STEP 11: Responsible Party: Pre-Owned Manager**

- Vehicle Pricing is entered into the DCS System.
- Prepare and install BMW CPO Approved DCS generated Monroney Label.
- Prepare, print and install Buyers Guide.

NOTE: It is the responsibility of the Pre-Owned manger to ensure that an adequate supply of all BMW required marketing materials are stocked/on hand at all times.

**STEP 12: Responsible Party: Pre-Owned Manager**

- Vehicle is placed on display for retail sale.

**STEP 13: Responsible Party: Pre-Owned Manager and Internal Service Advisor;  
Retail Sale:**

- A. Pre-Owned Manager and Internal Service Advisor are to verify that the vehicle has not been in stock since certification for more than 150 days or that there have not been more than 2000 miles added to the odometer since certification. If there have, the vehicle needs to be fully re-certified prior to retail sale.
- B. Pre-Owned Manager ensures that the Finance Manager and Billing Clerk present the following items to the customer at delivery: Vehicle Statement of Certification, Owners Manual, Service and Warranty Information Booklet, Keys (at least two master keys must be available) and applicable keyless remotes.
- C. The Pre-Owned Vehicle Manager then records and transmits retail sale to BMW via DCSnet to activate the CPO BMW Protection Plan.



- D. General Manager, General Sales Manager, Pre-Owned Vehicle Manager, and Internal Service Advisor and Service Manager are to meet on a weekly basis to review prior weeks CPO deliveries to ensure all paperwork is documented, completed and submitted properly. Any issues should be immediately addressed and rectified before another CPO vehicle is sold and delivered.

Reviewed, Agreed and Understood:

_____ General Manager	Date: ____/____/____
_____ Pre-Owned Vehicle Manager	Date: ____/____/____
_____ General Sales Manager	Date: ____/____/____
_____ Sales Manager	Date: ____/____/____
_____ Service Manager	Date: ____/____/____
_____ Shop Foreman	Date: ____/____/____
_____ Internal Service Advisor	Date: ____/____/____
_____ CPO Technician	Date: ____/____/____
_____ Shop Booker	Date: ____/____/____
_____ Biller	Date: ____/____/____
_____ Office Manager	Date: ____/____/____